

## Message Text

CONFIDENTIAL

PAGE 01 CAIRO 06658 051444Z

44

ACTION NEA-07

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FM AMEMBASSY CAIRO

TO SECSTATE WASHDC IMMEDIATE 4991

C O N F I D E N T I A L CAIRO 6658

LIMDIS

E.O. 11652: GDS

TAGS: EFIN CPRS PFOR EG

SUBJECT: US CLAIMS AGAINST EGYPT

REF: CAIRO 6632

1. FIRST FORMAL MEETING OF JOINT US-EGYPTIAN CLAIMS COMMITTEE HELD JULY 5. AMBASSADOR HEADED US DELEGATION, WHICH INCLUDED KORMANN AND HUANG. MINISTER ECONOMIC COOPERATION UNDERSEC DEWIDER HEADED EGYPTIAN DELEGATION WHICH (AFTER ALL STRAGGLERS HAD DRIFTED IN) NUMBERED ABOUT 12. MOST OF EGYPTIAN PARTICIPANTS WERE FROM SEQUESTRATION DEPT, CENTRAL BANK, MINFIANCE, ETC.

2. MEETING WAS CORDIAL CONSTRUCTIVE AND COOPERATIVE. AMBASSADOR EXPRESSED OUR PLEASURE THAT JOINT COMMITTEE AGREED UPON LAST JULY BY THEN PRIMIN WAS NOW ABLE TO BEGIN ITS SESSIONS. WE APPRECIATE GOE ACTION IN AGREEING TO COMMITTEE AND VIEW IT AS A FURTHER INDICATION OF THE DESIRE OF BOTH OUR GOVTS TO RESOLVE OUTSTANDING ISSUES IN THE INTEREST OF STRENGTHENING OUR NEW RELATIONSHIP. WE APPROACHED PRESENT TALKS WITH A SPIRIT OF CANDOR AND COOPERATION AND WERE SURE THAT OUR EGYPTIAN COLLEAGUES DID THE SAME. OUR CLAIMS, AS DEWIDER AWARE, CONFIDENTIAL

CONFIDENTIAL

PAGE 02 CAIRO 06658 051444Z

FALL INTO TWO CATEGORIES: OFFICIAL AND PRIVATE. FOR THE

MOMENT, WE WERE RESERVING THE MATTER OF OFFICIAL CLAIMS TO DETERMINE WHETHER THEY MIGHT BEST BE HANDLED THROUGH THE JOINT COMMITTEE OR THE MFA, SINCE PERTINENT 1967 DISCUSSIONS ON ONE OF THEM HAD VIRTUALLY REACHED FRUITATION. OUR PRESENT PURPOSE WAS TO PURSUE THE MATTER OF PRIVATE CLAIMS. THESE ALSO FALL INTO A NUMBER OF CATEGORIES, MAINLY NATIONALIZATION, AGRICULTURAL REFORM, AND SEQUESTRATION CLAIMS. WE ALSO PRESENTED CLAIMS RAISED BY THE AMERICAN MISSION FOR WHAT HAS BEEN EFFECT "CREEPING" CONFISCATION OF PORTION OF ITS PROPERTIES BY LOCAL AUTHORITIES OVER THE PAST SEVERAL YEARS. FINALLY, WE WERE STUDYING THE CASE OF AFRICAN GLEN AS A POSSIBLE CLAIM. CASE IS A COMPLEX ONE. WHILE WE HAVE NOT YET REACHED A DECISION, WE RESERVE OUR RIGHT TO PRESENT IT SHOULD IT SEEM APPROPRIATE. CLAIMANTS, AMBASSADOR POINTED OUT, ARE CLAIMING INTEREST AND THIS WAS A MATTER WHICH WOULD HAVE TO BE DISCUSSED. (NO RPT NO REFERENCE WAS MADE TO OVERALL CLAIMS FIGURE.) TWO COPIES OF CLAIMS BOOK WERE THEN FORMALLY GIVEN TO DEWIDER FOR EGYPTIAN SIDE'S USE.

3. AMBASSADOR NOTED A GREAT DEAL OF PREPARATION OF WORK HAS GONE INTO ASSEMBLING THE MATERIAL FOR THESE PRIVATE CLAIMS. HUANG HAD WORKED ASSIDUOUSLY ON THIS PROJECT AND DESERVED MUCH CREDIT. DEWIDER WAS HIGHLY COMPLEMENTARY OF THE L CLAIMS BOOK, SAYING IT WOULD FACILITATE THE EGYPTIAN TASK. AMBASSADOR STATED OUR VIEW THAT SETTLEMENT OF THESE PRIVATE CLAIMS WAS A MATTER OF JUSTICE, AND RECALLED EGYPTIAN COURTS HAVE ALSO RECENTLY ACTED TO RETURN TO EGYPTIAN NATIONALS VARIOUS SEQUESTERED PROPERTIES. WE WERE CONFIDENT GOE WOULD WANT TO TREAT AMERICANS EQUALLY FAIRLY.

4. APART FROM THIS, AS A PRACTICAL MATTER, ALL OF US HAD TO REALIZE THE DEEP CONGRESSIONAL INTEREST IN PRIVATE CLAIMS SETTLEMENTS EVERYWHERE. THE CLAIMANTS IN THE CLAIMS BOOD WERE FROM ALL PARTS OF THE US AND MIGHT BE EXPECTED TO ADVISE THEIR CONGRESSMAN AND SENATORS OF THE STATUS OF CLAIMS DISCUSSIONS AND OUTCOME. WE ARE DEPENDENT ON THE CONGRESS FOR APPROVAL OF US AID TO EGYPT AND BOTH SIDES SHOULD BE MINDFUL OF THE CONFIDENTIAL

CONFIDENTIAL

PAGE 03 CAIRO 06658 051444Z

EFFECT OF SATISFACTORY CLAIMS SETTLEMENTS CONGRESSIONAL ATTITUDES TOWARD AID TO EGYPT. IN INVITING ATTENTION TO THIS ASPECT, AMBASSADOR STRESSED HE WAS SIMPLY MAKING STATEMENT OF FACT. DEWIDER SAID EGYPTIAN SIDE IS CONSCIOUS OF THIS ASPECT.

5. IN RESPONSE, DEWIDER SAID GOE ALSO DESIROUS SETTLE CLAIMS MATTERS. HE LAMENTED NATIONALIZATION AND

SEQUESTRATION ACTS OF PAST REGIME AS HAVING CAUSED PROBLEMS FOR EGYPT WITH MANY OF ITS FRIENDS. DEWIDER SAID EGYPTIAN POLICY CONCERNING FOREIGN INVESTMENT IN EGYPT HAS CHANGED RE INTERESTS OF FOREIGN INVESTORS AS EVIDENCED BY LAW 43 OF 1974 ON INVESTMENT OF ARAB AND FOREIGN FUNDS, WHICH STIPULATES THAT THERE SHALL BE NO NATIONALIZATION, SEQUESTRATION OR CONFISCATION. LIKE WE, EGYPTIAN SIDE APPROACHED TASKS WITH POSITIVE DESIRE TO COME TO A SATISFACTORY SETTLEMENT. AS HE UNDERSTOOD IT, ROLE OF JOINT COMMITTEE WAS LIMITED TO NATIONALIZATION, LAND REFORM AND SEQUESTRATION CLAIMS. IT HAS NO JURISDICTION OVER EXPROPRIATION, CONFISCATION CLAIMS AND OTHER CASES OF SPECIAL CHARACTERISTICS. NOR, IN HIS VIEW, WAS COMMITTEE AUTHORIZED TO HANDLE AMERICAN MISSION'S CLAIMS RE "CREEPING" CONFISCATION WHICH, HE THOUGH, SHOULD BE DISCUSSED WITH MFA. AFRICAN GLEN CASE SHOULD ALSO BE DISCUSSED WITH MFA SINCE IT HAS POLITICAL OVERTONES. DEWIDER SUGGESTED THREE LINES OF ACTION: FIRST, CHECK AND VERIFY ALL CLAIMS. SECOND, CONCLUDE WORK WITH DRAFT AGREEMENT CONTAINING MODALITIES, TERM, DETAILS, ETC. THIRD, THEN PROCEED TO CONSIDER HOW TO HANDLE OFFICIAL/GOVERNMENT AND MISCELLANEOUS CASES, INCLUDING THE SHIP IN THE SUEZ CANAL.

6. AMBASSADOR ACCEPTED SUGGESTION AND PROPOSED THAT IN ORDER TO USE HUANG'S TIME MOST EFFECTIVELY AND TO EXPEDITE PROCESS, HUANG MIGHT WORK WITH APPROPRIATE MINISTRIES IN THEIR EXAMINATION OF THE INDIVIDUAL CLAIMS. DEWIDER AGREED. HE SAID THAT HE WOULD SEEK GREEN LIGHT FROM MFA FOR THE COMMITTEE TO HANDLE CONFISCATION CASES. AMBASSADOR INDICATED HE, TOO, WOULD DISCUSS WITH FONMIN AND PRIME MINISTER DESIRABILITY OF HAVING JOINT COMMITTEE ALSO

CONFIDENTIAL

PAGE 04 CAIRO 06658 051444Z

HANDLE AMERICAN MISSION CLAIMS. DEWIDER ENDORSED THIS IDEA. AMBASSADOR EMPHASIZED PRESENT TALKS WERE TECHNICAL AND EXPLORATORY AND DEPT WOULD WANT TO REVIEW THEM BEFORE ANY FINAL ARRANGEMENTS MADE.

7. BOTH SIDES THEN DISCUSSED WHAT, IF ANYTHING, SHOULD BE SAID TO PRESS. DEWIDER INDICATED PRESS HAD ALREADY ASKED QUESTIONS AFTER LAST THURSDAY MEETING, BUT HE HAD PUT THEM OFF. HE THOUGH HE SHOULD TELL THE PRESS THAT THE JOINT COMMITTEE HAS BEGUN ITS FORMAL SESSIONS AND IS CURRENTLY EXAMINING THE INDIVIDUAL CASES. WE AGREED THERE SHOULD BE NO RPT NO MENTION OF ANY FIGURES AND THAT OUR TWO SIDES SHOULD TAKE SIMILAR LINE IN RESPONSE TO ANY PRESS QUERIES. PRESS STATEMENT SUBSEQUENTLY ISSUED BY DEWIDER SENT CAIRO 6654.

8. AFTER AMBASSADOR'S DEPARTURE, KORMANN AND HUANG  
MET WITH EGYPTIAN COUNTERPARTS TO BEING EXAMINATION OF  
INDIVIDUAL CLAIMS. THEIR REPORT WILL BE SENT BY SEPTTEL.  
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